



DEPARTMENT OF THE INTERIOR

INFORMATION SERVICE

UNITED STATES FISH AND WILDLIFE SERVICE

For Release to PM's, FEBRUARY 11, 1958

REPORT ON FISHING VESSEL INSURANCE ISSUED BY FISH AND WILDLIFE SERVICE

Because the cost of insurance has been a major item of expense to the owner of a commercial fishing vessel, the Department of the Interior, through the Fish and Wildlife Service, authorized a systematic analysis of the insurance problem of the fishing industry in search for a solution. The report of the study is now available.

The analysis was made by Boston University in accordance with a contract awarded by the Bureau of Commercial Fisheries in June 1955. Funds for the study were provided through the Saltonstall-Kennedy Act for the betterment of commercial fisheries of the United States. It covers a five-year period, 1950-1954 inclusive.

The report emphasizes that any government participation should be in the form of services rather than in direct payments to individuals; that it should consist of measures likely to prevent accidents or reduce their severity; and that best results will come from the formulation of a well coordinated plan and faithful pursuance of that plan.

Fundamentals of the master plan suggested by Boston University include an intensive engineering survey of the commercial fishing vessels from the standpoint of navigation and safety devices; a study of the possible conflict between safety at sea and fishing operations; a program to secure maximum safety and minimum conflict with fishing operations.

The master plan should also contain provisions encouraging the construction of new vessels which would conform to the standards of structure and safety developed by the survey and for the issuance of basic construction specifications which would be rigidly enforced. It also recommended that owners of existing vessels be encouraged to install recommended safety devices.

The recommendations contained in the report are entirely those of the authors. Other points which they make are:

That there be established a system of licensing masters, engineers, and navigating personnel, with rigid requirements for new personnel coming into those professions and more lenient standards for established fishermen;

That an educational program be established to train captains, engineers, and navigating personnel; to educate shipowners on the fundamentals of negotiating insurance contracts; to make owners, officers, and crew safety conscious; to encourage cooperation in the insurance field and between labor and management; and to emphasize the application of sound business techniques, especially in the field of cost accounting and determining depreciation;

That only certified marine surveyors be allowed to determine the insurability of a vessel and that the practice of compensating a surveyor only when a vessel is insurable be discontinued;

That a system of registration of accidents be established and a systematic compilation of accident and loss statistics be developed;

That whenever possible the Government encourage limited self-insurance plans and the creation of insurance cooperatives;

That vessels with less than 200 tons gross capacity be inspected by the Coast Guard;

That further study be made of laws affecting vessel operation and safety matters.

The report also carries suggestions for the vessel owners and for the insuring companies. The recommendation that the vessel owners become more conscious of the purpose and value of insurance was followed by several suggestions on points to be considered in getting insurance.

The study shows that 30 percent or more of the vessels in the New England fishery are not covered by hull or personal injury insurance; that only half of the ships out of California have such coverage, and that 57 percent of the Gulf of Mexico vessels do not have hull insurance and 88 percent of them do not carry personal injury insurance. On the basis of a vessel tonnage analyses, however, it is the smaller boats which are more apt to be unprotected by insurance contracts.

In the New England and Gulf fisheries navigation difficulties, particularly hitting submerged objects, were the causes of most hull accidents; in the California area mechanical troubles and "error of crew" were the chief causes.

Insurance costs have risen in all three areas during the period 1950-54, but during that period insurance companies doing business in New England and Gulf fisheries made little or no profits. Those companies doing business in

California showed some profit. Individual company experience does not necessarily conform to the over-all experience and in some instances companies have withdrawn from the field of fishing vessel insurance completely while others are content for the present with breaking even, and some have made money.

The report identified as Special Scientific Report--Fisheries No. 241--may be obtained upon request from the Division of Information, United States Fish and Wildlife Service, Washington, D. C.

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